
EXECUTIVE SUMMARY SFY 2012 Energy and Weatherization Assistance Programs

Prepared for the State of Nevada

by

H Gil Peach & Associates

and

Smith&Lehmann
CONSULTING

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EXECUTIVE SUMMARY

Nevada's Energy Assistance Program (EAP) and the Weatherization Assistance Program (WAP) are funded jointly by the state's Universal Energy Charge (UEC), which was established by the 2001 State Legislature and became effective during State Fiscal Year (SFY) 2002. The first full program year was SFY 2003. The legislation establishing these programs requires an annual evaluation of program efficacy and compliance with legislative requirements. Nevada's Division of Welfare and Supportive Services (DWSS) and the Nevada Housing Division (NHD) jointly selected H. Gil Peach & Associates and Smith & Lehmann Consulting to conduct this evaluation for SFY 2012.

EAP assists eligible Nevadans in paying their utility costs on an annual basis and provides emergency assistance for eligible households in crisis. WAP assists low-income households in reducing their utility costs and energy consumption by providing for energy conservation and health and safety measures.

Evaluating the Energy Assistance Program

The evaluation of the Energy Assistance Program (EAP) had two parts. The first was to determine the degree to which DWSS complied with the statutory requirements of NRS 702 while planning and implementing the program. The second was to evaluate the impact, or efficacy, of the EAP as implemented.

Energy Assistance Program Compliance with NRS 702

The evaluation found that the EAP was implemented in compliance with NRS 702 to the extent that funding was available to do so.

When DWSS was planning for implementation of the EAP during this fiscal year, the amount of money available from the Federal LIHEA Program was uncertain. DWSS reduced the income eligibility from 150% to 110% of poverty and lowered the benefit cap from the benefit as specified in NRS 702 to be able to provide assistance to as many households as possible. After receiving additional LIHEAP Block Grant funding, DWSS raised the benefit cap closer to the NRS 702 goal. This created 11,000 households who were eligible for supplemental payments because of the increase in the benefit cap.¹

The uncertainty of the LIHEAP Block Grant impacted not only the number of eligible households that could be served by the program, but the efficiency of program implementation. In an environment where funding is unknown, it is nearly impossible to determine optimal staffing levels, provide adequate training and efficiently implement the program. This uncertainty is caused by the process employed by the US Congress to determine the LIHEAP appropriation and then to release the LIHEAP funding.

Suspension of categorical eligibility, an increase in Social Security benefit payments, and the change in income eligibility for the program resulted in denial rates reaching 45%, compared to 25% in the previous two years. These program changes, as well as the need to process supplemental payments, created additional work for staff, as nearly two applications needed to be processed and verified for each one approved.

¹ This created a workload issue for DWSS. While staff in the two offices continued to process new applications, management staff completed the documentation necessary to provide supplemental payments to 11,000 households.

Evaluation of Program Effectiveness

Through the EAP, DWSS provided 22,981 households assistance with their heating and cooling costs during SFY 2012. The EAP is intended to reduce the ‘energy burden’ (percent of total income spent on energy) in low income households to the state median. In SFY 2012, a family of four in Nevada spent an average of 2.03% of their income on energy.

Since full funding to meet the 2.03% target was not available, the targeted average benefit was set at \$500 per household; following the full allocation of Federal LIHEA Program funds, the CAP was raised to target an average benefit of \$556 per household. The intent of these changes was to serve all eligible applications with a ‘meaningful benefit’ – a grant that gets eligible households as close as possible to the statewide average energy burden and reduces the likelihood of service termination. However, the benefit as implemented does not reduce the energy costs of participating households to align with statewide averages due to the levels of funding available.

In fact, even after assistance, households with the lowest income spent proportionately more on energy. While all households below 110% of poverty spent over the statewide median, income level and proportion of income spent on energy is inversely related. Those households below 75% of Federal Poverty Level (FPL) (10,575 households) spent almost 11% of their income on energy. The table below shows that additional subsidies for targeted, vulnerable groups (elderly, children under 6, disabled) did reduce the energy burden for those subpopulations.

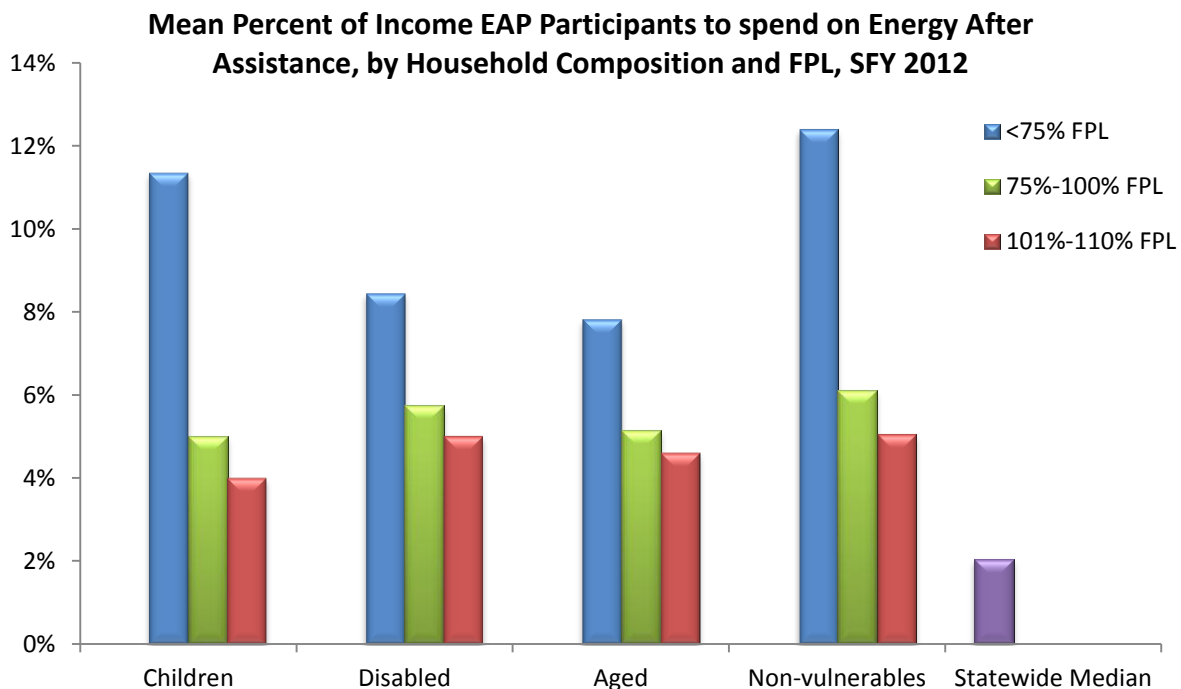


Figure 1. Mean percent of income EAP participants spend on energy after receiving EAP assistance, by household composition and federal poverty level, SFY 2012.

Evaluating the Weatherization Assistance Program (WAP)

Contracting with Subgrantees, the WAP weatherizes homes to provide long-term reduction in energy costs. In SFY 2012, almost 600 hundred homes received this assistance in Nevada.

Evaluation of WAP Compliance with NRS

The evaluation found that the WAP was implemented in a manner consistent with NRS to the extent possible given the disparity between need and availability of funds.

NHD provided eligible households with services of basic home energy efficiency which assisted households in reducing energy consumption over time. Performance was confirmed during NHD WAP staff Monitoring Reviews of sample projects and reviews of the BWR database.

While no assistance was provided to repair/replace the structural, mechanical or other failure of an occupied dwelling, assistance to health/safety threatened households was provided to fifteen (15) households that experienced an emergency because of a failure of a component or system of their occupied dwelling.

Evaluation of Program Effectiveness

In SFY 2012, NHD Subgrantees weatherized 576 homes (Table 9), exceeding the goal of 452 homes by 127% overall (Table 1). Energy savings for SFY 2012 was 135,192 therms and 2,166,109 kWh. Energy savings exceeded the goals of 46,194 therms and 865,670 kWh by 293% and 250%, respectively.²

Work Completed by each WAP Subgrantee		
Agency	Number of Homes	Percent of Homes
HELP	322	55.9%
CSA	68	11.8%
RNDC	64	11.1%
NRHA	51	8.9%
Urban League	42	7.3%
Neighborhood Services	29	5.0%
Total	576	100.0%

Table 1. Work Completed by each WAP Subgrantee during SFY 2012.

Due to the funding constraints, only a small percentage of eligible homes can be served by the program each year. Even with the one-time ARRA and SERC federal funding (federal economic stimulus programs enabled many more homes to be served during a few years); the pool of eligible homes is very large and continues to grow. In fact, at the rate of 500-600 homes served per year, in the context of the sharp drop in incomes and jobs of Nevada households, need has grown exponentially.

WAP represents an investment, rather than a subsidy, to reduce the energy burden of low income households. As such, fewer households are served but the impact is expected to be sustained.

² Energy savings are estimated using a proprietary calculation developed by Architectural Energy Corporation (AEC) under contract to the Nevada Housing Division (NHD). NHD is required by the US Department of Energy (USDOE) to use an estimation method approved by USDOE for homes for which any USDOE or US Department of Health and Human Services (USDHHS) funding is applied. As an administrative savings, NHD also applies this method to UEC/FEAC homes.

Developed using the BWR database, the following table outlines the first year dollar savings for weatherization projects completed in SFY 2012. Savings are expected to be stable for the first five years and then gradually decrease as different types of improvements reach the end of their effective measure lives.

First Year Dollar Savings to Household from NHD Weatherization		
Homes Heated with Natural Gas		
Single Family	173	\$655
Mobile Home	142	\$701
2-4 Family	44	\$464
5+ Family	93	\$693
All Natural Gas	452	\$659
Homes Heated with Electricity		
Single Family	72	\$722
Mobile Home	6	\$422
2-4 Family	29	\$583
5+ Family	0	None in Category
All Electric	107	\$659
Homes Heated with Propane		
Single Family	4	\$1404
Mobile Home	13	\$1005
2-4 Family	0	None in Category
5+ Family	0	None in Category
All Propane	17	\$1,099
All Homes	576	\$673

SUMMARY AND CONCLUSION

Despite the growing need and limited funding available to the EAP and WAP, many low income households received financial or structural assistance to reduce their energy burden. DWSS staff worked diligently to implement the EAP despite an unsure level of funding from the Federal LIHEAP, changing eligibility criteria and benefit caps to provide a meaningful benefit to nearly 23,000 households. WAP contractors and Subgrantees provided both emergency and sustainable improvements to the energy use of more than 500 homes.

- ◆ The Energy Assistance Program was implemented in a manner compliant with the requirements of NRS to the extent possible given funding levels. EAP reduced the energy burden of participating households to between 6% and 12%. This falls short of the goal of reducing the energy burden to the state median (2.03% in SFY 2012).
- ◆ The Weatherization Assistance Program was implemented in a manner compliant with the requirements of NRS to the extent possible given funding levels. While more than 227,000

households are eligible for assistance, the WAP completed projects in 576 households in SFY 2012.

- ◆ These two programs coordinated their implementation as necessary including developing an annual plan, coordinating partnerships with local and state agencies, funding and participating in an evaluation, and streamlining operations.
- ◆ Despite changes and increased efficiency in program implementation, both programs were unable to fully meet the needs of low income households in Nevada because sufficient funding was not available.

RECOMMENDATIONS

- ◆ When sufficient funds are available, DWSS should reinstate the EAP eligibility at 150% of poverty.
- ◆ When sufficient funds are available, DWSS should strive to meet the target specified in NRS 702 by removing the temporary benefit cap to achieve parity between the energy burden of low-income Nevadans and the median energy burden of Nevada households.
- ◆ When possible and as the economy improves, Nevada should increase funding for NHD's Weatherization Assistance Program to enable more households to be weatherized each year.
- ◆ When possible and as the economy improves, Nevada should increase funding for the DWSS Energy Assistance Program.
- ◆ When possible and as the economy improves, the eligibility level for energy assistance and weatherization services should be increased to take into account income insufficiency levels for different household sizes and be determined by county.